Operating Contract.

This Memorandum of Agreement Made and entered into this 10th day of September A.D. 1919, by and between C. L. Gray Lumber Company, a Corporation organized under the laws of the State of Mississippi, with principal office in Meridian Mississippi, (hereinafter called the "Company") and C. E. Mayerhoff of Leeds Alabama, hereinafter called the "Manufacturer"

The Company has purchased and now owns approximately six thousand five hundred (6500) acres of yellow pine timber in Shelby and Jefferson Counties, Alabama, (a detailed description whereof is in the possession of each party) on which there is at least fifty-six million (56.000.000) feet of merchantable timber according to the estimate made by the Manufacturer. The Company owns the fee to the major portion of said lands in addition to the timber thereon. The Company being in the business of merchandising forest products, desires to convert said timber into lumber and sell the same as soon as practicable. The Manufacturer desires to mill said timber for the Company and to acquire the fee to the land owned by the Company after the timber has been cut therefrom; Now therefore, for the consideration hereinafter mentioned, the Manufacturer and the Company covenant and agree with each other as follows;

1. The Manufacturer will with all convenient speed at his own expense erect and equip such mill or mills on or adjacent to said timber with sufficient capacity to cut all of said timber within seven (7) years from this date. He shall utilize said mills in cutting the timber of said lands into such stock as the Company may be best able to market at the most advantageous price. Entire expense of production including logging and milling to be borne by the Manufacturer. All forest products produced, however shall be the property of the Company, and insured by the Manufacturer as produced, loss, if any payable to the Company as its interest may appear. Manufacturer shall promptly load and ship all manufactured product as and when the Company may direct, free of all liens whatsoever, including any personal taxes which may be levied on such product.

It is contemplated by both parties that the Manufacturer will produce lumber from said tract at the rate of at least eight million (8.000.000) feet per annum. He guarantees however to produce and deliver therefrom lumber to the Company at the rate of at least three million (3,000,000) feet each six months, beginning

March 1st, 1920, and the Company reserves the option of canceling this Contract and all further interest of the Manufacturer in the subject matter thereof at the expiration of any such semi-annual period during which the Manufacturer has failed to produce and deliver said minimum quantity.

2. The Company will, through available channels, market the product as produced at the best price it can obtain and account to Manufacturer at the end of each month for his interest in the transaction upon the following basis:

From the purchase price it receives on each Car shipped, there will be deducted its own handling charges of eight and one half per cent (8½%), freights, demurrage and other charges incidental to handling, and, until the entire purchase price of the whole property has been paid to the Company by the Manufacturer, Four Dollars ($4.00) per thousand feet for each thousand feet shipped on the Company's orders. Balance of sale price on each Car to be credited to the Manufacturer's account and remittance made thereof at the end of each month.

3. The property above described is estimated by both parties to the value One Hundred Ninety Thousand Dollars, ($190,000.00). Manufacturer agrees to buy and the Company agrees to sell said property to him for said sum of $190,000.00, subject to the conditions of this Contract, plus all taxes or charges which may be levied on said property by duly constituted authority and plus interest at the rate of six per cent (6%) per annum on the portion of said $190,000.00 from time to time remaining unpaid, payable semi-annually, the first semi-annual period for convenience of Manufacturer being fixed as of Sept 1st 1920.

It is contemplated that the entire purchase price shall be paid within seven (7) years through the production and delivery of lumber by the Manufacturer and the fixed deduction by the Company therefor of $4.00 per thousand feet. Monthly credits shall be given on the purchase price at the rate of $4.00 per thousand feet of lumber produced and shipped; interest to abate thereafter as to the amount of such credit.

To further abate the interest charge Manufacturer may pay on account of the purchase price at any semi-annual settlement date

the sum of $1000.00 or any multiple thereof.
In the event that Manufacturer can procure timber contracts on terms satisfactory to both parties hereto, the Company will enter into such contracts and credit on the purchase price at semi-annual settlement periods all net sums derived therefrom.
No conveyance however shall be made by the Company of the land or timber, even though the complete purchase price is paid, until all the timber shall have been manufactured and marketed through the Company, a controlling condition of this agreement being the intent of the parties that the marketing of the entire product on the terms aforesaid shall be vested in the Company.
Taxes on the land and timber shall be advanced by the Company when due and immediately charged to Manufacturer's account.
Upon the 1st day of Sept, 1920, and each six months thereafter he shall pay to the Company interest accrued on the purchase price remaining unpaid and all taxes advanced during the preceding period, with interest thereon. Upon the Manufacturer's failure to promptly pay said amounts, the Company may reimburse itself therefor from any funds due the Manufacturer under this contract, and if there be insufficient for the purpose, it may at its option cancel this contract and all further interest of Manufacturer therein.
4. Should the Company have an opportunity to sell said timber and land at a profit over the investment which is mutually satisfactory to the Company and Manufacturer, this contract shall be terminated, said sale made, and the profit divided equally between the parties. If no such sale is made then when said timber is completely cut, and the complete purchase price with all charges has been paid the Company, it will convey the fee to the Manufacturer or his designates, by special warranty deed, of such of said land as which it may own the fee.
5. The Company shall not be liable for any of the operations whatsoever of the Manufacturer, which operations shall be conducted absolutely at the Manufacturer's expense and risk. He has no interest in the land or timber except the manufacturing profit which may be made in the manner aforesaid and agrees at all times to cooperate

with each other in production and marketing.
This Contract shall be binding upon and inure to the benefit of the Company, its successors and assigns, and upon the Manufacturer, his heirs, executors, Administrators and assigns, subject however, to the condition that no assignment shall be made of the Manufacturer's interest without written consent of the Company, and the agreement now made that in case the Manufacturer is ever adjudicated a bankrupt or a receiver appointed of his property by a Court of Competent jurisdiction, the happening of either event shall automatically cancel and annul this contract and all right of the Manufacturer therein.
In Witness Whereof, the Company has caused these presents to be executed by its proper officers under its corporate seal, and the Manufacturer has hereunto affixed his hand and seal at Meridian, Mississippi, the day and year first aforesaid.

Attest:
J. S. Daley
Its Secretary.
Witnesses - C. H. Davis
N. G. McKinney.

(Seal)

C. L. Gray Lumber Co.
By C. L. Gray
Its President.

C. E. Mayerhoff (Seal)

Schedule "A":

The Following Described Lands Situated in Jefferson County, Alabama: (Reserving from all of said lands all coal, oil, gas, mineral and mining rights, and all timber, water and stone upon said lands necessary for the development, working and mining of the same and the preparation of the same for market and the removal of the same; and also all rights of way for railroads, pipe lines and other works of any description over said lands as may hereafter be located thereon by the Grantor, its successors and assigns for said purposes or any of them, necessary for the transportation of the same and of all material and implements that may be of use in the mining and removal of the same, or in the preparation of the same for market.)

Township 18 South, of Range 1 West:	Acres.
Sec. 8 - N½ of S.E¼; S.E¼ of S.E¼; N.E¼ of S.W¼	160
Sec. 15 - N.E¼ of S.E¼; N.E diagonal ½ of S.E¼ of S.E¼	60
Sec. 14 - N.W. diagonal ½ of S.W¼ of S.E¼, being that part	

Northwest of the Boundary line between Jefferson and Shelby Counties, Alabama; NW¼ of S.E¼; E½ of SW¼, SW¼ of S.W¼ — Acres 180

Sec. 23 - NE diagonal ½ of NW¼ of NW¼, being that part lying Northeast of the Boundary line between Jefferson and Shelby Counties, Alabama; NW diagonal ½ of the NE¼ of NW¼, being that part lying Northwest of the Boundary line between Jefferson and Shelby Counties, Alabama. — 40

Also subject to the reservations hereinbefore made in respect of the lands hereinbefore described and situated in Jefferson County, Alabama; that part of the S.W¼ of NW¼ West of Double Oak Mountain, described as follows, to-wit: Beginning at the S.W. Corner of the NW¼ of said Section, thence East 6 chains to the Crest of said Mountain, thence North 20 degrees E, to the North East Corner of the S.W¼ of the NW¼ of said Section 30, thence West 20 chains; thence South 20 chains to the point of beginning; situated in Section 30, Township 18, South, of Range 1 East, Shelby County, Alabama, Containing 28 acres.

The Following described Lands, situated in Shelby County, Alabama: Excepting from all of said lands the Iron, Coal, Oil, Petroleum, Limestone and other minerals contained in or upon said lands, with all necessary privileges for mining on said lands, and also with the right of way for rail and tramways for mining purposes, and the right to construct such pipe lines over the same as may be necessary for the convenient transportation of the Coal, Oil and other Minerals through any portion of said lands:

Township 18, South of Range 1 West — Acres

Sec. 23 - SE diagonal ½ of NE¼ of NW¼ being that part lying Southeast of the boundary line between Jefferson and Shelby Counties, Alabama; SW diagonal ½ of NW¼ of NW¼, being that part Southwest of the boundary line between Jefferson and Shelby Counties, Alabama;

E½ of the Section, S½ of NW¼, S.W¼ of the Section — acres 600

Sec. 25 - That part of S.E¼ of Section West of Double Oak Mountain described as follows to-wit; Beginning at the half mile point on the South line of said Section 25, thence East 7½ chains, more or less, to the crest of said

Mountain, thence North 38 degrees East, along said Mountain 20 chains, thence North 10-chains, thence East 5-chains, thence North 40 degrees East, to the Range line, thence North 4 chains to the North East Corner of the South East Quarter of said Section, thence West 40 chains and thence South 40 chains to the point of beginning, containing One hundred acres more or less — — — — } acres 260

Sec. 26 — E½ of NE¼; S. E¼ of S. E¼ — 120

Sec. 27 — All of Section 27 — 640

Sec. 29 — N½ of NW¼, N. E¼ of S W¼. S. W¼ of S. W¼ — 160

Sec. 31 — N W¼ of S. E¼ — E½ of N W¼, S. W¼ of N W¼ — E½ of S W¼ — S W¼ of S W¼ — 280

Sec. 33 — Entire E½ of the Section; E½ of N W¼; — Entire S. W¼ of the Section. — 560

Sec. 35 — N½, S W¼; That part of the S E¼ West of Double Oak Mountain, described as follows, to-wit: Beginning at the half mile point on the South line of said Section, thence 17 chains, more or less, to the crest of said Mountain, thence North 45 degrees East along said Mountain to East line of Section 35; thence North 14 chains to half Section line, thence West 40 chains, thence South 40 chains to point of beginning containing 120 acres, more or less, } Acres 610

Township 19, Range 2 West:

Sec. 1 — E½ of NE¼, N½ of S. E¼, S W¼ of S. E¼; S. E¼ of S. W¼ — 240

Sec. 11 — N½ of S. E¼; S. W¼ of S. E¼ S E¼ of S. W¼ — 160

The Following Described Lands Situated in Shelby County, Alabama: (With reservations noted.)

Township 18 South of Range 1 West:

Sec. 14 — S E diagonal ½ of S W¼ of S E¼, being that part lying South East of the boundary line between Jefferson and Shelby Counties Alabama, reserving from all said lands all Coal, oil, gas, mineral and mining rights, and all timber, water and stone upon said lands, necessary for the development, working and mining of the same and the preparation of same for market and the removal of same, and also all rights of way for Railroads, pipe lines and other roads of any de-

scription over said lands, as may hereafter be located thereby the Grantor, its successors and assigns for said purposes or any of them, necessary for the transportation of the same and of all material and implements that may be of use in the mining and removal of the same or in the preparation of the same for market. 20 acres

Sec. 26 - W½ of N.E¼; N.E¼ of S.E¼; W½ of S.E¼ 20
E½ of S.W¼, S.W¼ of S.W¼; E½ of N.W¼, N.W¼ of N.W¼;
(Reserving from all of said lands all coal, oil, gas, mineral and mining rights, and all timber, water and stone upon said lands necessary for the development, working and mining of the same, and the preparation of same for market and the removal of the same; and also all rights of way for railroads, pipe lines and other roads of any description over said lands, as may hereafter be located thereon by the Grantor, its successors and assigns, for said purposes or any of them, necessary for the transportation of the same and of all material and implements that may be of use in the mining and removal of the same or in the preparation of the same for market.) acres.

Also the S.W¼ of N.W¼, N.W¼ of S.W¼ 520

Sec. 28 - S.E¼ of N.E¼; E½ of S.E¼; N.W¼ of S.E¼;
(Reserving from all of said lands all coal, oil, gas, mineral and mining rights, and all timber, water and stone upon said lands necessary for the development, working and mining of the same, and the preparation of the same for market and the removal of the same; and also all rights of way for railroads, pipe lines and other roads of any description over said lands, as may hereafter be located thereon by the Grantor, its successors and assigns for said purposes or any of them necessary for the transportation of the same and of all material and implements that may be of use in the mining and removal of the same, or in the preparation of the same for market.) acres

Also the S.W¼ of S.E¼, and the S.E¼ of S.W¼;
excepting 1 of an acre in Northeast corner thereof. 239

Sec. 29. E½ of N.W¼ 80

Sec. 20 - NE¼ of N.E¼, S.E Diagonal ½ of N½ of NE¼ - acres
Also an undivided 2/3 interest in the
N½ of S.E¼, and in the S E¼ of S.E ¼ 160
Sec. 31 - S.N¼ of S.E¼ 40
Sec. 32 - E½ of E½ of S.E¼ reserving from all of
said lands all oil, coal, gas, mineral and mining
rights, and all timber, water and stone upon said
lands necessary for the development, working and
mining of the same and the preparation of the same for
market and the removal of the same; and also all
right of way for railroads, pipe lines and other roads
of any description over said lines, as may hereafter be
located thereon by the Grantor, its successors and as-
signs for said purposes, or any of them, necessary
for the transportation of the same and of all material
and implements that may be of use in the mining and
removal of the same or in the preparation of acres
the same for market 40
Sec. 33 - N½ of NW¼ 80
Sec. 34 - E½ of NE¼, reserving from all of said
lands all coal, oil, gas, mineral and mining rights
and all timber, water, and stone upon said lands nec-
essary for the development, working and mining of the same
and the preparation of the same for market and the re-
moval of the same, and also all rights of way for
Railroads, pipe lines and other roads of any descrip-
tion over said lands, as may hereafter be located
thereon by the Grantor, its successors and assigns for
said purposes or any of them necessary for the trans-
portation of the same and of all material and im-
plements that may be of use in the mining and re-
moval of the same or in the preparation of the
same for market;
N½ of NE¼; Entire NW¼ of the Section; acres
Entire SW¼ of the Section; N½ of NE¼ of SE¼ 500

Township 19 Range 1 West:

Sec. 3 - E½ of SW¼ of NE¼ 20
Sec. 6 - 30 acres of the NW¼ of NE¼, more
particularly described as the E½ of NW¼ of NE¼ (20 acres);
and the NW¼ of NW¼ of NE¼ (10 acres) 30.

Township 19, Range 2 West

Sec. 12 - Entire N½E¼, reserving from all of said lands all Coal, gas, oil, mineral and mining rights, and all timber, water and stone upon said lands necessary for the development, working and mining of the same and the preparation of the same for market and the removal of same; and also all rights of way for railroads, pipelines and other roads of any description over said lands, as may hereafter be located thereon by the Grantor, its successors and assigns for said purposes or any of them, necessary for the transportation of the same and of all material and implements that may be of use in the mining and removal of the same or in the preparation of the same for market;

S½ of NW¼; NE¼ of NW¼, NW¼ of SW¼;

Sec. 13 - 7 acres in the NW¼ of NW¼, more particularly described as beginning at the Northeast corner of the NW¼ of the NW¼, returning thence South along the East line of said forty to the Southeast corner; thence West, 650 feet; thence North 25-degrees East, 500 feet; thence North 44 degrees, 30', West, 360 feet; thence North 45-degrees, 30 East, 880 feet to the point of beginning. 33.7 acres

Township 18, Range 1 West:

Sec. 15 - SW diagonal ½ of S.E¼ of S.E¼. 20

Sec. 28 - A tract or parcel of land described as follows: Beginning at the S.W. Corner of the S.W¼ of the S.W¼, thence North along the West boundary line of said 40, 200 feet, thence East, parallel with the South boundary line of said 40, 1320 feet, intersecting the East boundary line of said 40 at a point 200 feet North of the S.E. Corner of said 40; thence West along the South boundary line of said 40, 1320 feet to the point of beginning containing fifty acres more or less. 16

Township 19, Range 2 West:

Sec 1 - S.E¼ of S.E¼; 40

Schedule "B":

Timber Lands in Shelby County Alabama. No Acres. Time Limit.

Township 19, Range 1 West:

Sec. 6 - The timber which measures at stump Twelve (12) inches and over when cut on:

M. Acres - Trim Limit.

N½ of N½ 40 3/13/1922.
Sec. 7 - S½ of S½ 40
Township 18 Range 1 West.
Sec. 29 - N½ of S.E¼ of S.W¼ 20
Township 19 Range 2 West.
Sec. 12 - S.E¼ of S.W¼ and S.W¼ of S.E¼ and
and E½ of S.E¼ 160
Sec. 13 - N.E¼ of N.E¼ of N.E¼ 10.5
It being the intention to include in the above Schedules "A" and "B" all lands, timber and timber rights owned by Betty & Sims Lumber Company in Shelby and Jefferson Counties, Alabama, West of the Crest of Double Oak Mountain.
This is copy of deed given C.L. Gray Lumber Company by Betty & Sims Lumber Company and is memorandum of timber included in contract between C.L. Gray Lumber Company and C.E. Mayerhoff Lumber Company, dated the 10th day of September 1919.

In Consideration of $12,500.00 Cash received from H. A. Dingley, and $12,500.00 Cash received from J.J. McLean; and the further Consideration of the sum of $17,500.00 as evidenced by the note of H.A. Dingley, and the sum of $17,500.00 as evidenced by the note of the said J.J. McLean, both of said notes being due twelve months from date and both bearing interest at the rate of eight per centum per annum from date until paid, privilege being extended to the said H.A. Dingley and J.J. McLean to renew said notes from time to time until the same shall have been paid out of the profits of a certain business which shall be conducted in the Name of the C.E. Mayerhoff Lumber Company, as hereinafter referred to, I, the undersigned, C.E. Mayerhoff, hereby sell, alien, convey and warrant unto H.A. Dingley and J.J. McLean equal an undivided one fourth interest in and to the following described property, lying and being situate in the County of Jefferson, State of Alabama, and described as follows, to-wit;
The said C.E. Mayerhoff's Saw Mill, Planing Mill, Dry Kiln and all machinery, appliances and appurtenances belonging to or in any way connected

with the said Mills, which said mills are located at Leeds, Alabama; and also an undivided 1/4 interest each in a timber contract with C. L. Gray Lumber Company, and the said C. E. Mayerhoff, of date September 10, 1919.

And the said C. E. Mayerhoff further covenants and agrees with the said Singley and McLean that all of said property now located at Leeds, Alabama, is to be released of all encumbrances of every kind and character by the said C. E. Mayerhoff, and that the said C. E. Mayerhoff hereby conveys to the said W. H. Singley and J. J. McLean each an undivided 1/4 interest in the following other property which is to be purchased by the said C. E. Mayerhoff and released of all liens and encumbrances for purchase money or otherwise by the said C. E. Mayerhoff, the following property, to-wit:

1 22 Ton Heisler Locomotive,
1 Filer & Stowell Slasher
1 Filer & Stowell Trimmer,
1 Filer & Stowell Jump Saw.
Repairs to Filer & Stowell Twin Engines.

All of this above described property is to be paid for by the said C. E. Mayerhoff and connected with the property aforesaid at Leeds, Alabama, to which said property the said Singley and McLean are each hereby conveyed an undivided 1/4 interest, the said C. E. Mayerhoff agreeing to convey a good and perfect title to said property relieved of all liens or encumbrances of every kind and character.

It is further understood and agreed that the said C. E. Mayerhoff is to pay for all labor used in and about said business up to December 13, 1919.

It is further understood and agreed that the said C. E. Mayerhoff is to manage said mill and lumber business and to sell all of the products produced by the management of the said saw mill or lumber business and also to manage and conduct the commissary connected with the said business, and his compensation for his services thus rendered is to be the

sum of $300.00 per month.
It is further understood and hereby agreed that the said W. H. Singley is to manage the logging for the said mill and lumber business at Leeds for the sum of $300.00 per month.
It is hereby further understood and agreed by the parties hereto that the said two notes of the said W. H. Singley and the said J. J. McLean are to be renewed from time to time, and said notes of $7.500 each of the said Singley and McLean shall be paid out of the profits of the said mill or lumber business and in no other way, and that the said notes shall be so drawn as to show upon their face that the same are to be paid out of the profits of the said business of the C. E. Mayerhoff Lumber business.
It is further understood and agreed that when the said notes of the said W. H. Singley and J. J. McLean are fully paid off as above stipulated from the profits of the said business, then the said C. E. Mayerhoff shall convey to the said W. H. Singley and the said J. J. McLean each an undivided 1/4 interest in the lands upon which the said Mills at Leeds Alabama are now located, and all other lands that may be owned by the said business of the said C. E. Mayerhoff Lumber Company.
The intent of this contract being that by virtue of the payments made by the said W. H. Singley and J. J. McLean, as herein stipulated, the said C. E. Mayerhoff is to convey and warrant to W. H. Singley and J. J. McLean each an undivided 1/4 interest in and to all of the above described property, with full covenants of warranty against all liens or encumbrances thereon the lands upon which the mills at Leeds Alabama are now located.
It is further hereby understood and agreed, by all the parties to this contract that W. H. Singley and J. J. McLean are not to withdraw any dividends or other money from the said business of C. E. Mayerhoff Lumber Company until their respective the notes are fully paid off and discharged,

the salary of 300.00 per month provided for in behalf of said W. H. Singley.
Witness our signatures in triplicate, this the 16th day of December, 1919.

C. E. Mayerhoff
W. H. Singley
J. J. McLean

State of Mississippi
County of Lauderdale. } Personally appeared before me, the undersigned authority in and for the aforesaid County and State, C. E. Mayerhoff, W. H. Singley and J. J. McLean, who acknowledged that they signed and delivered the foregoing instrument on the day and year therein mentioned as their own act and deed.
Given under my hand and official seal this the 16th day of December, 1919.

Jno. E. May (Seal)
Notary Public

In payment, discharge and satisfaction of our subscription to the Capital Stock of the C. E. Mayerhoff Lumber Company, Inc. and for other valuable consideration to us in hand paid, the receipt of which is hereby acknowledged, we do hereby sell, assign, set over, transfer and deliver to the said C. E. Mayerhoff Lumber Company, Inc. all of our right, title and interest in and to the within contract, the rights and privileges therein contained and the property therein described.
Witness our hands this 13 day of March, 1920.

Witnesses:
J. K. Brockman.

W. H. Singley
J. J. McLean

State of Alabama
Jefferson County } ss For value received, I, the undersigned C. E. Mayerhoff do hereby sell, assign, set over, transfer and deliver unto the C. E. Mayerhoff Lumber Company, Inc. an undivided one half interest in and to that certain contract contained in a certain Memorandum of Agreement made and executed on the 10th day of September, 1919, between the

C. L. Gray Lumber Company, a corporation organized under the laws of the State of Mississippi, and the said C. E. Mayerhoff, for the manufacture and milling into lumber the timber on approximately 6500 acres of yellow pine timber in Jefferson and Shelby Counties, Alabama, together with an undivided one half interest in and to the rights and privileges therein contained and the property therein described, subject to the consent of the said C. L. Gray Lumber Company thereto.

Witness my hand this 13th day of March, 1920.

Witnesses:
J. R. Brockman.

C. E. Mayerhoff.

The C. L. Gray Lumber Company, a corporation organized under the laws of the State of Mississippi, does hereby accept notice of the foregoing transfer by C. E. Mayerhoff to the above named C. E. Mayerhoff Lumber Company, Inc., and hereby give full consent thereunto.

And said C. L. Gray Lumber Company, as aforesaid does hereby further consent that the said C. E. Mayerhoff may in like manner assign an undivided one half interest in said contract privileges and property unto W. H. Singley and J. J. McLean, with the understanding and agreement that the said W. H. Singley and J. J. McLean will in like manner re-assign all their said interest thereunto to the said C. E. Mayerhoff Lumber Company, Inc. Notice of which assignment and re-assignment is hereby expressly waived.

Attest:
J. S. Daley
Its Secretary

C. L. Gray Lumber Company.
By C. L. Gray
President

State of Alabama, Shelby County. } I, H. H. Weaver, Judge of Probate, hereby certify that the within contract was filed in this office for record 29 day of May, 1920, at 10 o'clock A. M. and recorded in Deed Record 67 Pages 269-283 and examined.

H. H. Weaver
Judge of Probate